

Voluntary Report - public distribution

Date: 9/2/2003

GAIN Report Number: AS3027

Australia

Grain and Feed

Grain Update - September Lockup 2003

Approved by:

Andrew C. Burst, Agricultural Counselor
U.S. Embassy

Prepared by:

Mike Darby, Agricultural Specialist

Report Highlights:

Wheat production in 2003/04 is forecast at 22.8 million metric tons (MMT), up from Post's previous forecast of 21 MMT. Above average rainfall and favorable temperatures for the months of July and August have boosted yield prospects and have largely reversed the negative outlook that previously characterized the crop.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Canberra [AS1]
[AS]

Winter Crops/Wheat Production

Wheat production in 2003/04 is forecast at 22.8 million metric tons (MMT), up from Post's previous forecast of 21 MMT (contained in Report #AS3020, dated 07/02/03). Above average rainfall and favorable temperatures for the months of July and August have boosted yield prospects and have largely reversed the negative outlook that previously characterized the crop. The national average wheat yield in 2003/04 is forecast at about 1.90 MT/hectare, which is slightly higher than the long-term average. Wheat area in 2003/04 is estimated at 12.0 million hectares, up 300,000 hectares from the previous figure.

Significant precipitation was received in nearly all major wheat growing areas in July and August. Notably, some areas most in need of rain received some of the higher rainfall totals. According to virtually all industry sources, these rainfall events have significantly improved the outlook for the crop. Notably, however, the crop is not yet "in the bin" and there is still considerable time between now and the beginning of the harvest in the month of November.

Among the notable rainfall events during the month of August was the above average precipitation in northern New South Wales. These areas had been some of the worst affected by drought and had yet to receive any significant precipitation thus far this season. Southern NSW and large parts of Queensland, Victoria and South Australia also received significant precipitation in August.

Recent travel to Western Australia has confirmed a favorable outlook for wheat in this state, given the above average rainfall in July and August. Some industry sources are already forecasting a record wheat crop for the state. Of note, however, a difficult finish to the season can not be ruled out. Steep reductions in wheat yields due to frosts during the important reproductive phase have plagued western growers in the past.

Less than favorable soil moisture conditions at planting and during the early establishment of the crop also remain a concern in many wheat growing areas. Also, some regions still have soil moisture deficits and a turn to drier conditions, perhaps combined with hot and/or windy events, could quickly trim yield potential. Climatic conditions for the months of September and October are now crucial to determining the outcome of the current winter cereal crop.

Summer Crops

Excellent rainfall events occurred in central and southern catchments of NSW during the month of August, following-on similar events in July. Irrigation water supplies for summer crops remain at much below-normal levels; however, irrigation water availability has shown some improvement. A full profile of soil moisture in many catchments has improved prospects that future rainfall will "runoff" into storage reservoirs. Post believes the outlook for major irrigated summer crops (cotton, rice, sorghum) remain well below average, but has improved somewhat with recent rainfall.

Larger Expected Wheat Crop Boosts Export Prospects

The upward revision in the 2003/04 wheat crop is expected to improve export prospects. Australia's 2003/04 (Oct-Sep) wheat exports are forecast at 15.5 MMT, up from the 14 MMT forecast previously. This would return Australia's wheat exports to the general level that existed prior to the 2002/03 drought.

ABARE Crop Report

Australia's Bureau of Agriculture and Resource Economics (ABARE) is scheduled to release revised projections of the 2003/04 winter crops (wheat, barley, oats, canola, etc.) and the 2004 summer crops (cotton, rice, sorghum, etc.) on September 9, 2003.

ABARE's most recent forecast for wheat production (July 2003) stands at 21.7 MMT, down sharply from their previous figure of 24.3 MMT (March 2003).

Recent Post Grain Reports

Grain Update – August Lockup, August 1, 2003, #AS3024

Grain Update – July Lockup, July 2, 2003, #AS3020

Grain Update – May Lockup, May 2, 2003, #AS3012

Grain and Feed Annual, March 10, 2003, #AS3006

PSD Table

Country Commodity	Australia				(1000 HA)(1000 MT)		UOM
	Revised Old	2001 New	Preliminary Old	2002 New	Forecast Old	2003 New	
Market Year Begin		10/2001		10/2002		10/2003	MM/YYYY
Area Harvested	12500	11597	10300	11031	0	12000	(1000 HA)
Beginning Stocks	5223	4308	6414	7431	2364	1673	(1000 MT)
Production	24000	24854	10000	10000	0	22800	(1000 MT)
TOTAL Mkt. Yr. Imports	75	0	150	350	0	150	(1000 MT)
Jul-Jun Imports	75	0	150	250	0	250	(1000 MT)
Jul-Jun Import U.S.	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	29298	29162	16564	17781	2364	24623	(1000 MT)
TOTAL Mkt. Yr. Exports	16409	16304	7000	8500	0	15500	(1000 MT)
Jul-Jun Exports	16494	16406	9000	10500	0	13500	(1000 MT)
Feed Dom. Consumption	3450	2700	4200	4850	0	3700	(1000 MT)
TOTAL Dom. Consumptic	6475	5427	7200	7608	0	6555	(1000 MT)
Ending Stocks	6414	7431	2364	1673	0	2568	(1000 MT)
TOTAL DISTRIBUTION	29298	29162	16564	17781	0	24623	(1000 MT)

AUSTRALIA WHEAT: State-Level Statistics

(Million Hectares; Tons Per Hectare; Million Tons)

			ABARE EST.	ABARE PROJ.	POST PROJ.	POST PROJ.
	2000/2001*	2001/2002	2002/2003	2003/04	2003/04	2003/04
Queensland				June	July	Sept
Area	0.885	0.615	0.465	0.600	0.600	0.615
Yield	1.310	1.511	1.183	1.240	1.500	1.463
Prod	1.159	0.929	0.550	0.744	0.900	0.900
New South Wales						
Area	3.671	3.498	2.950	3.100	3.100	3.100
Yield	2.143	2.360	0.661	1.839	1.806	1.935
Prod	7.867	8.257	1.950	5.700	5.600	6.000
Victoria						
Area	1.143	1.137	1.450	1.550	1.350	1.550
Yield	2.695	2.473	0.655	2.161	1.778	1.935
Prod	3.080	2.812	0.950	3.350	2.400	3.000
South Australia						
Area	1.976	1.962	2.010	2.000	2.000	2.000
Yield	2.106	2.496	0.995	1.710	1.800	1.960
Prod	4.162	4.897	2.000	3.420	3.600	3.920
Western Australia						
Area	4.460	4.380	4.150	4.600	4.650	4.650
Yield	1.304	1.811	0.940	1.830	1.828	1.935
Prod	5.814	7.931	3.900	8.420	8.500	9.000
Total						
Area	12.141	11.597	11.031	11.856	11.706	12.000
Yield	1.821	2.143	0.851	1.827	1.796	1.900
Prod	22.108	24.854	9.385	21.662	21.028	22.800

Estimates based on historical Australian Bureau of Agricultural and Resource Economics reports.

* Source: Australian Bureau of Statistics